

# THE INTERIM

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## THE INTERIM

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**THE INTERIM** is a monthly newsletter that reports on the interim activities of legislative committees, including the Legislative Council, the Environmental Quality Council, the Legislative Finance Committee, the Legislative Audit Committee, and interim legislative committees and subcommittees staffed by the Legislative Services Division. Information about the committees, including meeting schedules, agendas, and reports, is found at <http://www.leg.state.mt.us>. Follow the "Committees" link or the "Interims" link to the relevant committee. The newsletter is posted on the legislative branch website on the first of each month (follow the "Publications" link).

## ECONOMIC AFFAIRS COMMITTEE

Executive branch under scrutiny...Frustrated by Gov. Brian Schweitzer's decision not to appoint members to the Montana Equity Capital Investment Board as required by Senate Bill 133, the Economic Affairs Committee asked for explanations at its Sept. 9 meeting from the governor's chief business officer, Evan Barrett, and budget director, David Ewer. Other executive agency actions also came under scrutiny when the committee asked a representative of the Business Standards Division in the Department of Labor and Industry why the unit had suspended services to the Board of Landscape Architects.

Committee presses for implementation of SB 133...During the last interim, the Economic Affairs Committee worked on an equity capital investment bill but decided not to request committee legislation. Instead, Sen. Jeff Mangan introduced SB 133 in the 2005 session. The governor signed the bill on April 28. At the Sept. 9 meeting, Mangan joined several other committee members in voicing frustration about the governor not implementing the new law. Barrett and Ewer said that the governor was concerned about the Legislature's decision not to fund start-up costs and that he was unsure of the constitutionality of using tax credits to encourage equity investment in private businesses. The fiscal note on SB 133 estimated a FY2006-07 cost of nearly \$200,000 for staff and operating expenses. Although the fiscal note included technical concerns, it did not raise a constitutional red flag, Mangan said. Ewer told the committee that he had asked for an opinion on the law's constitutionality from Dorsey and Whitney, a law firm that serves as bond counsel for the state. Dorsey and Whitney previously had argued cases before the Supreme Court that Ewer suspected were similar to the provisions in SB 133. He said that the potential for the law to be unconstitutional would have a "chilling effect" on the ability to raise private funds to implement the law. He also suggested that any investment firm that volunteered to help implement the bill might have a conflict of interest in seeking a contract to administer the program. In response to the discussion, the committee requested:

- an opinion from the Legislature's chief legal counsel regarding the constitutionality of SB 133;
- a bill draft regarding funding for the Montana Equity Capital Investment Board, for possible introduction during the special session;
- information from the State Auditor's Office on contacts made or received regarding investors willing to work on the Montana Equity Capital Investment Board;
- information on the costs experienced by other states with similar programs; and
- information on the process of bringing a writ of mandamus to get the governor to act.

DOLI to withdraw services for Board of Landscape Architects...After House Bill 182, a bill that revised professional and occupational licensing laws, went into effect on July 1, the Department of Labor and Industry notified the Board of Landscape Architects that the Business Standards Division would no longer provide services (other than licensing services) to the board because the board had a budget deficit of about \$22,000. Bart Campbell, attorney for the Economic Affairs Committee, said that the Business Standards Division has a statutory responsibility to provide services and that the Board of Landscape Architects also has a responsibility to assess fees

commensurate with costs. The committee took no action after hearing from representatives of the landscape architects, who said they had asked the department to cut costs to match new fees and from the department, which said the new fees were about half what the department figured was commensurate with the costs of services. Rep. Jim Keane, committee chair, sent a letter asking that the two sides to work out the impasse.

Agency monitoring...Nancy Peterson, director of the Department of Agriculture presented information on the finances at the state grain lab. She said that legislation may be needed to specify that wheat and barley assessments be used to help with costs at the state grain lab. Peterson also discussed the state's concerns with rail service competition and noted that the governor's appointments to the Rail Service Competition Council had been completed on Sept. 8.

Marc Bridges, executive officer of the Board of Livestock and director of the Department of Livestock, said rulemaking for a mobile slaughter inspector approved by the 2005 Legislature should be completed by Jan. 2006. He also discussed problems related to an outbreak of vesicular stomatitis and other livestock diseases.

Carroll South, executive director of the Board of Investments, reported on an equity capital investment program with Credit Suisse First Boston. The board provided the investment firm with \$25 million in pension funds that CSFB has to match with \$15 million by May 9, 2006, before starting a program that would provide venture capital to enterprises in Montana, Wyoming, South Dakota, North Dakota, Idaho and eastern Washington and Oregon. South also discussed problems in public pension funds, which he said developed in part because of a stock market downturn and in part because past legislatures increased pension benefits without providing appropriate funding (see State Administration and Veterans' Affairs Committee for a related article).

Committee reviews results of SJR 35 study survey...Pat Murdo, committee staff, summarized responses to a survey distributed to licensees and interested persons in Montana as part of the Senate Joint Resolution 35 study on professional and occupational licensing boards. The committee asked that a work group develop information for policy choices related to the study. A meeting of that work group is set for Oct. 12.

Committee changes meeting date...The committee changed its next meeting date to Oct. 28 from Nov. 4. Agenda items include an overview of identity theft issues being studied under Senate Joint Resolution 38; a review of work group positions on licensing boards; an overview from the Department of Labor and Industry; and a review of workers' compensation. For more information about the committee, contact Pat Murdo at (406) 444-3594 or email her at pmurdo@mt.gov.

## STATE ADMINISTRATION AND VETERANS' AFFAIRS COMMITTEE

Committee ponders retirement systems...At the committee's Sept. 9 meeting, committee members received briefings on public retirement funding from David Senn, executive director of the Teachers' Retirement System and Mr. Tim Ryan, Chairman, TRS Board; Mike O'Connor, executive director, Public Employees Retirement Board, and Carole Carey, President, PERA; and Carroll South, executive director, Board of Investments. Each presenter emphasized that the actuarial problems identified in House Joint Resolution 42 need to be resolved as soon as possible to avoid more serious problems in the future. David Ewer, director of the Governor's Office of Budget and Program Planning, said that the administration was considering a one-time infusion of money into the actuarially shaky systems in an effort to both shore up the systems and to mitigate potential impacts to the state's property taxpayers. The committee will continue its discussion of HJR 42 issues at its next meeting, scheduled for Thursday, Oct. 6, and will begin to focus on what options are available.

Agency monitoring...Secretary of State Brad Johnson reported on the activities within his office and Maj. Gen. Randy Mosley, Adj. Gen., and Director of the Department of Military Affairs discussed happenings in his domain, including pending changes in the Air National Guard, emergency management, and Hurricane Katrina assistance by the Montana National Guard.

Next meeting in October...The committee will meet on Thursday, Oct. 6 at the Capitol. The agenda will again be primarily devoted to the HJR 42 study of state retirement plans and will include staff presentations of information requested by the committee, discussion and adoption of preliminary findings and conclusions, and identification of options for further consideration.

The public is invited to attend the meeting and written comments are appreciated. Additional details of the October meeting agenda will be posted to the committee's website as soon as possible. For more information about the committee contact Dave Bohyer, committee staff, at (406) 444-3064 or dbohyer@mt.gov.

## CHILDREN, FAMILIES, HEALTH, AND HUMAN SERVICES COMMITTEE

Committee to press on with interim studies at October meeting...The Children, Families, Health, and Human Services Committee is scheduled to meet Oct. 20 at 8:30 a.m. in Room 137 of the Capitol and Oct. 21 at 8 a.m. in Room 137. On Oct. 20, there will be four panel discussions on the Senate Joint Resolution 37 study of the child protective services system: intake, placement, courts,

and permanency and safety. The panelists, representing a broad spectrum of child protective services, will describe their role in the system, discuss the system's strengths and weaknesses, and propose possible improvements. The public will be able to comment on each specific area of the system.

The following day, the committee will focus on the SJR 41 study of crisis mental health services. The committee will hear from communities who are struggling to develop services and from the three Service Area Authorities. In the afternoon, the committee will hear an agency update from the Department of Public Health and Human Services, review administrative rules, and attend to other committee business.

Ways to Participate... Stakeholders who want to participate in the studies should contact Susan Byorth Fox at (406) 444-3597 or [sfox@mt.gov](mailto:sfox@mt.gov). Persons who want to be on the interested persons list can sign up for electronic notices at the committee website or contact Fong Hom at (406) 444-0502 or [fhom@mt.gov](mailto:fhom@mt.gov) to be placed on the hard copy mailing list.

## LEGISLATIVE FINANCE COMMITTEE

Meeting in early October... The Legislative Finance Committee will meet Thursday and Friday, Oct. 6 and 7, in the Capitol, Room 102, at 1 p.m. on Thursday and at 8 a.m. on Friday. The agenda and various reports are available on the Legislative Fiscal Division website. The website address is <http://www.leg.mt.gov/css/fiscal/lfc.asp>. For more information about the committee, contact Clayton Schenck at [cschenck@mt.gov](mailto:cschenck@mt.gov) or at (406) 444-2986.

The meeting, originally planned for Oct. 7 has been expanded to two days to accommodate reports on a variety of fiscal policy issues. The agenda includes the following reports by LFD staff and others:

- Medicare Part D Implementation: Program Issues
- Department of Public Health and Human Services Budget Status
- DPHHS Foster Care and Developmental Disabilities Provider Rate Increases
- Information Technology Management Update
- Review of Agency Reports Resulting from Language in HB 2 Requesting Performance Updates /Assessment
- Federal Highways Funding Act of 2005 (SAFETEA-LU)
- General Fund Status: Fiscal 2005 Actual and 2007 Biennium Projected
- Special Session Revenue Estimating Process
- School Funding Study: Update on Interim Action and Issues Facing the Legislature in Potential Special Session
- Retirement Plans Unfunded Liability: Issues, Laws, and Cost Factors
- SB 276: Revise Taxes on Bentonite – Lack of

- Appropriation Authority
- Wildfire Suppression Costs Update
- Department of Corrections Update of Prison Populations Projections and Fiscal Impact
- Energy Price Increases Impacts on State Agency Budgets
- Status Reports on LFC Interim Subcommittees and Studies

RIT Subcommittee to Meet Oct. 5... The Resource Indemnity Trust Subcommittee of the Legislative Finance Committee was established to fulfill the requirements of House Joint Resolution 36. The first meeting is scheduled for Oct. 5 at 3 p.m. in Room 102 of the Capitol. HJR 36 requests a review of the statutes, revenues and expenditures of trust interest and the Resource Indemnity Groundwater Assessment. Eleven state special revenue funds receive interest or taxes, or both, creating a complex funding situation. There are issues with fund utilization for activities not covered in statute and funds subsidizing funds. The subcommittee will catalog the issues and provide recommendations for resolution to the Legislative Finance Committee. The subcommittee is chaired by Rep. Rick Ripley. For more information, contact Barbara Smith, subcommittee staff, at (406) 444-5347 or [basmith@mt.gov](mailto:basmith@mt.gov).

## QUALITY SCHOOLS COMMITTEE

Committee burning the midnight Oil... The Quality Schools Interim Committee has been burning the midnight oil in an attempt to fashion a new school funding formula in time to meet the Court-imposed deadline of Oct. 1, 2005. Since the end of the 2005 legislative session, the committee has met 11 times, including 2 conference call meetings, one 2-day meeting, and one 3-day meeting. The committee met every week in September as it raced to meet the deadline.

Committee hears from consultants... At a 3-day meeting at the end of August, the committee heard preliminary reports from its hired consultants. R.C. Wood & Associates conducted a needs assessment by surveying every school district in Montana to determine the educational needs across the state and used four different school funding methodologies to determine the additional funding, if any, to meet the constitutional obligation to provide a quality education. R.C. Wood's goal was to provide the committee with a range of costs to assist the committee in determining how much money will be necessary to provide a quality education and how the state will distribute that money. At the August meeting, R.C. Wood presented its findings in two separate reports: "Montana K-12 Funding Needs Assessment and Cost Analysis" and "Determining the Cost of Providing an Adequate Education in the State of Montana". Both reports are available on the committee's webpage. The reports indicated that anywhere from \$65 million to \$200 million in additional funding may be necessary to provide an adequate education in Montana.

Dr. Doug Young and Dr. Christianna Stoddard presented their preliminary findings regarding teacher salaries, "Recruitment, Retention, and Teacher Salaries", also available on the committee's webpage. The report shows that there is a definite correlation between teacher salaries and the ability of school districts to attract and retain quality teachers. Small, isolated school districts have the most problem in attracting and retaining teachers due to the low salaries that they offer. In their final report, Young and Stoddard will provide the committee with information on salaries for nonteaching personnel in school districts and some comparisons between teachers and other comparably educated professionals.

Where the rubber meets the road... On Sept. 14, the committee began work on a new school funding formula based on the work of the Joint Select Committee on Education Funding that met during the 2005 legislative session. The Select Committee had recommended a series of entitlements for school districts that would stabilize funding, reflect the actual costs that school districts incur, and meet the definition of a quality system of schools found in Senate Bill No. 152. These entitlements are:

1. per-student;
2. classroom;
3. accredited program;
4. building operations and maintenance;
5. special education block grants and disproportionate cost funding;
6. transportation;
7. capital projects; and
8. school facility payment.

Using the research provided by R.C. Wood and Young and Stoddard as well as its own research, the committee's working group began fleshing out the first four entitlements.

On Sept. 23, the committee had a long discussion about whether it had enough time to construct a new school funding formula for implementation in the 2007 fiscal year and whether it should put more money into the current formula for FY 2007, then have a new formula ready for the 2007 regular legislative session. However, the committee decided that it was obligated to construct a new school funding formula rather than put money into a formula that the Supreme Court had found unconstitutional. The committee asked the working group to continue its work on the four entitlements.

Governor's budget office rolls out health insurance proposal... The governor's budget office presented a health insurance proposal to the committee at the Sept. 14 meeting. The proposal has four major components:

- excess-of-loss reinsurance for any active employee/spouse/dependent that exceeds \$150,000 annually;
- comprehensive case management, including a wellness program and case management coordination;

- access to a pharmacy purchasing contract; and
- an Office of Insurance Assistance to help premium savings from the reinsurance flow back to the school districts.

The committee has not made a decision on the health insurance proposal.

Committee may meet through October... The committee may decide to continue meeting through October. A decision on further meetings was to be made at the committee's Sept. 30 meeting.

For more information on the committee, contact Connie Erickson at (406) 444-3078 at [cerickson@me.gov](mailto:cerickson@me.gov). Information is also available on the committee's webpage, accessible through the legislative branch webpage at [www.leg.state.mt.us](http://www.leg.state.mt.us).

## STATE-TRIBAL RELATIONS COMMITTEE

Indian reservation visit planned... The State-Tribal Relations Committee will make a two-day visit to the Fort Peck reservation in October; the exact dates are still being negotiated with the Tribal Executive Board. The committee will evaluate progress being made on the interim study of economic development in Indian Country, with a specific look at educational outcomes for American Indian students.

For more information about the committee, contact Chris Lohse, committee staff, at (406) 444-5367 or [clohse@mt.gov](mailto:clohse@mt.gov).

## MONTANA LEGISLATIVE REFERENCE CENTER

The Montana Legislative Library has a new Internet accessible catalog... After library staff spent the summer re-cataloging and entering the library collection into a new online catalog, users can now access the catalog from the comfort of their own computers. Go to <http://www.leg.state.mt.us/css/research/library/default.asp> and click on the "Library Catalog" link to search. About 80 percent of the library collection is on the new system and we will be working to add the rest soon. If you find a book, video, CD, etc. that you would like to check out, send an email to Legislative Librarian Lisa Mecklenberg Jackson at [ljackson@mt.gov](mailto:ljackson@mt.gov) or call (406) 444-2957.

Recent additions to the library collection from National Conference of State Legislatures that you may be interested in include:

*Coordinated Human Service Transportation: State Legis-*

*lative Approaches*, by Matt Sundeen, James Reed, and Melissa Savage.

*Early Education in the States: A Year in Review-2004*, by Steffanie Clothier.

*Electricity Transmission: A Primer*, by Matthew Brown.

*Guide to Property Taxes: The Role of Property Taxes in State and Local Finances*, by Judy Zelio.

*Homeland Security and Indian County*, by Catherine Chan and Sia Davis.

*Identification Security: Technology and Policy Issues*, by Jo

Anne Bourquard et.al.

*Piecing Together the State-Tribal Tax Puzzle*, by Judy Zelio.

*State Budget Actions*

*State Tax Actions*

*States and Tribes, Building New Traditions: Indian Gaming in the States*.

In case you didn't know, we have the whole series of "How to be a Better Legislator" tapes, CDs, and books from NCSL. Give us a call if you'd like to check them out.

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## THE BACK PAGE

### REFLECTIONS ON PUBLIC EDUCATION IN AMERICA-- ASSESSING ITS CHARACTERISTICS, DISPELLING SOME MYTHS

By Chris Lohse  
Legislative Research Analyst

#### A BRIEF HISTORY

In many ways, my parents must have considered me an unusual child. At age four, I liked to position my army soldiers in key battlement positions prescribed by great battles in the Revolutionary War. By age five, I was encouraging friends to stage a mock constitutional convention, replete with artificially aged pieces of parchment and feathered quills.

So it may come of little surprise that one of my favorite childhood stories was the famed story of the death of Thomas Jefferson and John Adams on July 4, 1826. Though desperately ill, each wanted to live to the fiftieth birthday of the nation they helped found.

Arch critics of each other's policies, they nevertheless shared an admiration of each other's talent, intellect, and passion for country. According to legend, this mutual admiration ran so strong, that Adams' last, deathbed words were "Thomas Jefferson survives." That phrase always sent shivers up my young spine.

Adams was wrong. Jefferson had died a few hours earlier at his home in Monticello. Both locations dispatched messengers to the other's house; legend again suggests that the messengers crossed paths en route.

This commingling of fortunes seldom occurred on matters of policy for Jefferson and Adams, save one: education. On education, Jefferson, the stalwart Republican, and Adams, the stubborn Federalist, saw eye-to-eye. To each, education was an absolute necessity for the long-term viability of the democratic form of government. Adams, in particular, could not conceive of a nation that allowed individuals the right to self-government without providing schools to teach students the skills and knowledge necessary to make informed decisions. Jefferson agreed.

Jefferson's views and policy prescriptions are particularly illuminating. Jefferson entered the Virginia Assembly as a legislator in the fall of 1776. At the time, Virginia had adopted a state constitution, but not a code of laws for running the government. Jefferson put his prodigious talent to work in attempting to craft a comprehensive plan for a system of free, quality public schools in Virginia.

This basic primary education was to last for three years, based largely on the belief at the time that few were educable beyond minimum standards of literacy. There was no guarantee of education for girls or blacks, but primary education was to be publicly financed for any young white male, regardless of economic background.

Upon completing the "primaries", bright students

were to be guaranteed admission into the grammar schools, where they would learn "the higher branches of numerical arithmetic," Greek, Latin, and geography. Although the schools would charge tuition, the state would be responsible for paying tuition for boys who had demonstrated success in the primaries. Boys from families who were willing and able to pay without state assistance were also invited to attend.

Jefferson devised splitting the state into nine districts. Each district was to govern the schools in its area and monitor them for effectiveness. Many educational theorists trace the nation's predilection for local control of education to Jefferson's organizational plan for Virginia schools.

Perhaps more important than the laws themselves, however, were Jefferson's writings on the importance and vitality of education. "It is a necessity for the Republican form of government; never is it philanthropy," he wrote, in response to a charge that free education was a type of state-sponsored charity. He firmly believed that education was necessary not only for the development of the individual, but also to advance the promise of the nation, a belief he shared with Adams. In Jefferson's mind, each citizen had a very real interest in ensuring that young people were educated, for the purposes of "peopling his [sic.] neighborhood with honest, useful, and enlightened citizens, understanding their own rights, and firm in their perpetuation." These arguments continue today, albeit in a less prosaic form, when educators point out the disparate social costs associated with poor educational opportunities: higher rates of incarceration (high school dropouts are 900 percent more likely to end up in prison), increased dependence on social programs, and lack of meaningful contributions to a region's economic vitality.

The stable support of two divergent parties and their leading thinkers benefitted public schooling for many years, but the foundation appears to be crumbling and eroding as criticism of education heats up from both sides of the political aisle. Policymakers, pundits, the press, and the public lament Halcyon years of towering educational successes and instructional efficiencies, and wonder why we can't reclaim our former glory. They decry funding as unnecessary, pointing to the infusion of massive amounts of money, with no sign of improved outcomes.

The problem is, none of that's true.

#### WHAT'S GOOD ABOUT AMERICAN PUBLIC SCHOOLS?

The most accepted and respected standardized exam is not the SAT, the ACT, or the Iowa Tests of Basic Skills. That distinction belongs to the National Assessment of Educational Progress. Administered since 1969, the NAEP is the only nationally representative and continuing assessment of what America's students know and can do in various subjects. Since 1970, math and reading scores on the NAEP have gone up significantly for all students in grades 4 and 8, including all major racial and ethnic groups. The grade 12 results have gone down a little, but there's a good reason – we retain more students until grade 12 than ever before.

Contrary to the headlines and the firmly held notions

of many people, high school completion rates are higher than any other period. In 1960, as an example, only about 65 percent of people between the ages of 25 and 29 had completed high school, with blacks lagging significantly behind. Today, even as our country has become more diverse, enrolling more students for whom English is not the primary language spoken at home, about 89 percent of people between the ages of 25 and 29 have now completed high school. For blacks, the percentage is 87 percent. By keeping more students in school, including low-achieving students, our performance would be expected to be lower than historic averages, though our results are not nearly as low as these higher rates of retention would indicate.

The fact that the United States, as a whole, retains so many students in school for so long also predicts its performance compared to other nations. Many other industrialized nations, notably Germany and Japan, segregate students at 13 years of age into vocational schools or into college preparatory programs. Only those sent to college preparatory programs—their best and brightest—are ever tested on international comparison assessments. The United States, by contrast, provides a representative sample that includes all levels of ability. As a result, the United States underperforms on international comparisons. But if we were to simply compare the top 50 percent of American students with the top 50 percent of students from other nations, the United States looks dramatically better – moving up in the rankings from somewhere around 30 to somewhere around four, depending on the assessment. Generally, the Scandinavian countries and the occasional western European nation continue to outperform the United States.

In fact, far from sliding into mediocrity, ameliorations in performance are evident across a variety of measures. In 2003, the average SAT math score of 519 was its highest in three decades, and the average SAT verbal score of 507 represented a significant improvement over historic scores. These gains have occurred even as more students than ever are taking the exams. The easiest way to raise test scores would be to ask only our best students to sit for the test, essentially the practice of the past. As a nation, we've taken exactly the opposite approach, and the results have still continued to improve.

More students are taking advanced placement courses than ever before. More students are going to college. More families report satisfaction with their children's schools (though they express little hope for the system at large). And believe it or not, schools are safer than they have been in the recent past. According to the annual school safety reports from the U.S. Department of Education and Justice, the rate of serious nonfatal violent crimes and assault crimes in schools dropped by over 40 percent from 1992 to 2001. Homicides, rare on school premises, still fell from 34 in 1992 to 14 in 2001.

Some argue that the students who emerge from our system of public schools fail to have the skills necessary for our information economy. But employers appear to disagree. The Commission on the Skills of the American Workforce conducted surveys in the 90s that demonstrated that over 80

percent of employers were satisfied with their employees' beginning skill set, and less than 5 percent of employers envisioned future increases in skill requirements.

More generally, the percentage of students who attend public schools continues to hover at a little over 90 percent. The United States remains the number one economic and military power in the world and has even advanced its economic and military standing in recent decades. If nine out of every ten people in our country are educated in a public school, it stands to reason that the public school must be doing *something* right.

## HAS MONEY FAILED TO ADVANCE EDUCATIONAL OUTCOMES?

I was looking over the impressive administrative team for the Edison schools (a for-profit franchise of schools) a summer ago, while looking for gainful employment. The chairman of the board of directors was Benno Schmidt, a guy far smarter than me, whose name I recognized as a former president of Yale University, where I happened to be teaching at the time. Intrigued by why he left Yale, I did a little digging and found the following:

We have roughly doubled per-pupil spending (after inflation) in public schools since 1965... yet dropout rates remain distressingly high... overall, high school students today are posting lower SAT scores than a generation ago. The nation's investment in educational improvement has produced very little return.

Benno Schmidt, 1992

*Upon his resignation as the President of Yale University, justifying a new for-profit private school chain*

Few doubted Benno Schmidt's remarks, except a few skeptics at the New York Times and a handful of education researchers. But the names of the skeptics were ones I equally respected, so I read on. Richard Rothstein had a lot to say. I've checked, revised, and expanded on some of the figures he found, and the summary sheet is included here.

Benno Schmidt was right about the money: in 1992, average per-pupil spending in the US was roughly \$5,500 (in 1992 dollars) versus the roughly \$2,600 (in 1992 dollars) spent 25 years earlier. That fact, however, obscures some very relevant changes in the educational enterprise over that 25-year period – changes that help explain why dollars have ballooned without, as Schmidt incorrectly alleges, advancing outcomes. Consider the following:

- In 1975, federal law began to require each public school in the US to provide education to every child, regardless of physical or mental disability. In 1991-1992, 10.6 percent of the school age population required special education services (the percentage is currently 12.2 percent), including such disparate costs as medical visits; personalized equipment,

including personal computers; individualized instruction; additional teacher training; facilities upgrades; litigation over appropriate school remedies; and contracted translators, to name just a few. As a result, at least 32 percent of the increased spending Schmidt referenced was specifically earmarked for special education costs. As Rothstein points out in his analysis of Schmidt's comments, "education of the handicapped is worthwhile, but it is dishonest to suggest that special education funds should produce academic gains for regular students and, when they do not, claim proof that money spent on public schools is wasted."

- By 1992, many policymakers had become convinced by education theorists that smaller class sizes would result in better achievement for students. As a result, the average US class size in 1992 was around 24 students, a reduction from the average size in the late 60s of around 33. The National Center for Education Statistics estimated that class size reduction resulted in about 34 percent more spending for education nationwide. Smaller class size could be reasonably expected to improve student outcomes, but the magnitude of the change (producing class sizes of 24) was still not enough to change the dynamics of instruction to a more personalized approach – theorists argued for a class size closer to 15. In essence, the failure of smaller class sizes to produce reasonable improvements in performance is a failure to go far enough.
- The expansion of school nutrition programs was responsible for another 10 percent of the growth in funding for schools. Again, a reasonable observer might expect that better-fed children would do better in school. That would be true, if school nutrition programs could be equated with better-fed children (and by this, I mean no slight to the cafeteria ladies, at Valley View elementary in Great Falls, who were so kind as to sneak me extra tater-tots whenever I asked). Sadly, however, school nutrition programs may have only been able to keep up with the increase in childhood poverty over the same period. According to the 1990 census, the childhood poverty rate was 24.8 percent, compared to the 17.9 percent of 1970.
- Transportation costs ate up an additional 5 percent more, as more students were bused to school. How a student gets to school is scarcely related to his or her academic success.
- Increased retention of the school-age population accounted for 3 percent of the growth in spending. As evidenced earlier, Schmidt was flat wrong when he referenced flat drop-out rates. Schools have steadily increased the number of graduates.

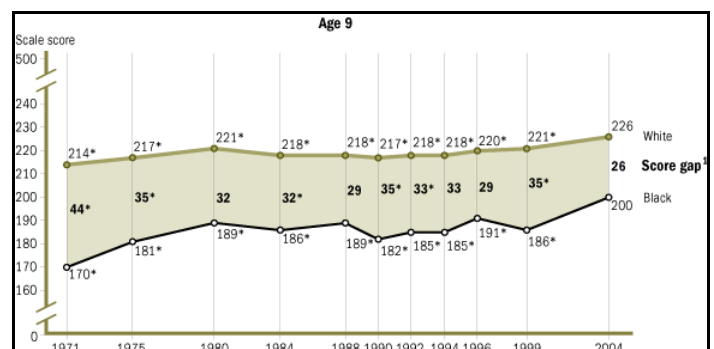
As a result 84 percent of the increased spending Schmidt cited went to programs that could not be expected to produce differences in achievement, or that were

insufficient to produce the changes expected. What about the other 16 percent?

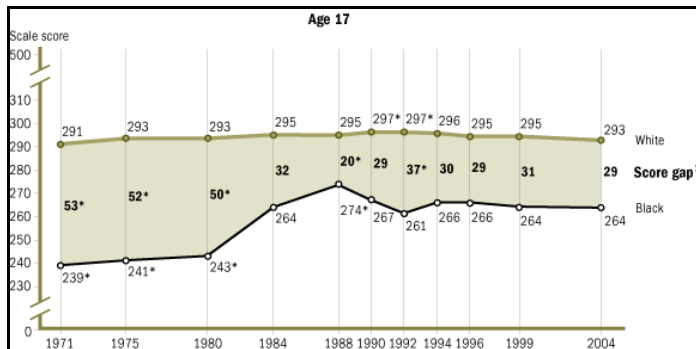
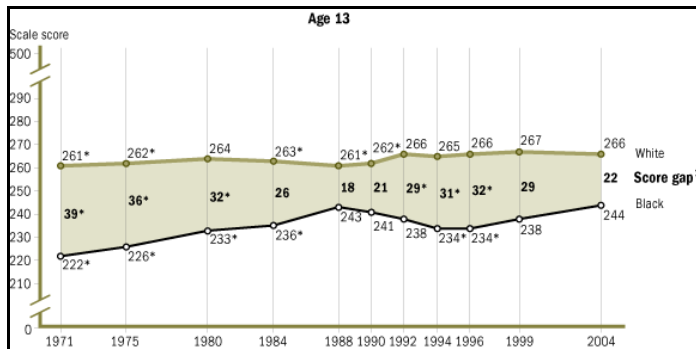
- Eight percent went to teacher salaries, which grew 21 percent over the twenty-five year period. Does that mean more money can't attract better teachers? It would, if the rate of salary growth hadn't grown more in all other sectors. For those positions most frequently available to individuals with a bachelor's degree--engineers, business administrators, mathematicians, finance personnel, marketing representatives--the rate of salary growth far outstripped salary growth among teachers.
- About 4 percent of the growth can be accounted in miscellany--facility up-keep, litigation, and additional administrative costs (though the school age population as a whole has become smaller, the number attending school has steadily climbed--that is not neatly rolled into a single number.
- About 3 percent of increased costs went to additional benefits for something called "compensatory education" a program created by the 1965 Elementary and Secondary Education Act. It was designed to help close the achievement gap between wealthy and poor students, and between racial majority and minority subgroups.

### ACHIEVEMENT GAP?

To this point, this article has taken the view that many perceived problems in education have been overstated or are based on misinformation. But there is one problem that cannot be overstated, a persistent and pernicious feature of our educational enterprise that affects entire subgroups of students in savage and very real ways. It is the gap, in virtually every measure we make of student achievement--drop-out rates, test scores, attendance, expulsion and suspension rates – between the performance of our wealthy students and our poor, and between our white or Asian students and our other students of color. It is a problem of both race and class, and though a thorough analysis of the gap probably requires its own **Back Page**, it would be irresponsible to fail to describe at least a few of its features. Results from the National Assessment of Educational Progress tell the sad story.

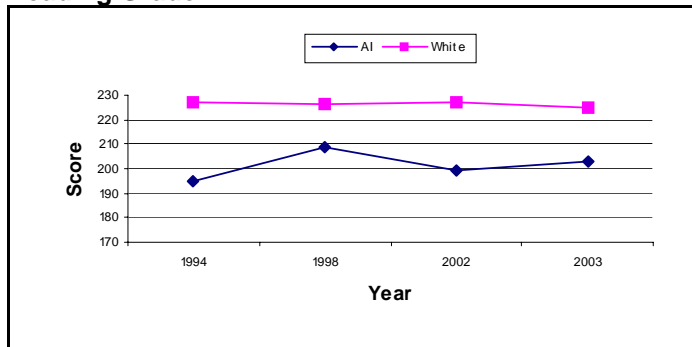




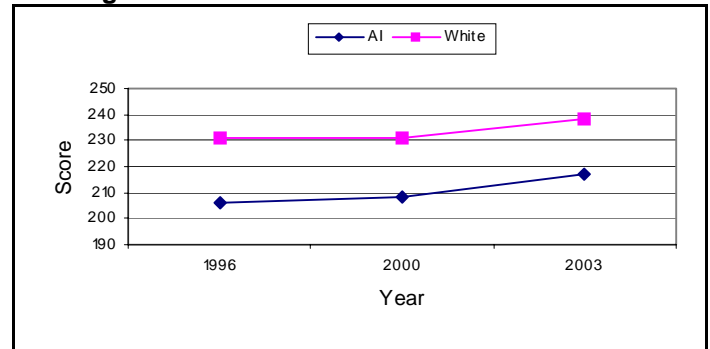


Reputable researchers have demonstrated in journal article after journal article that the factors most responsible for the outcomes among students are the concentration and isolation of high-poverty, minority students. That concentration and isolation is often a function of housing policy or poor urban planning, but in Montana it exists for another reason, namely the concentration and isolation of poor American Indian students on reservations. Let us think that the achievement gap is a problem only for central city schools, we should remind ourselves of the relative performance of American Indian and white students in Montana.

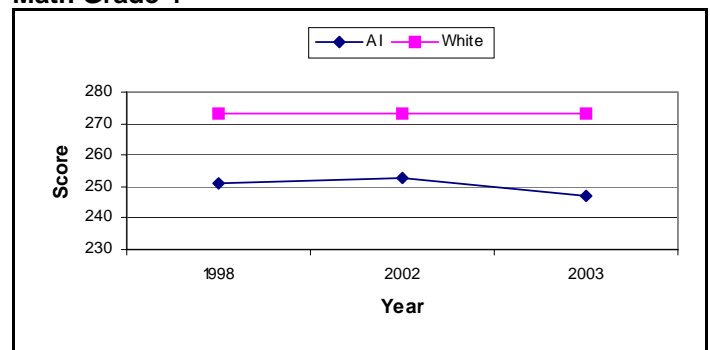
### Reading Grade 4



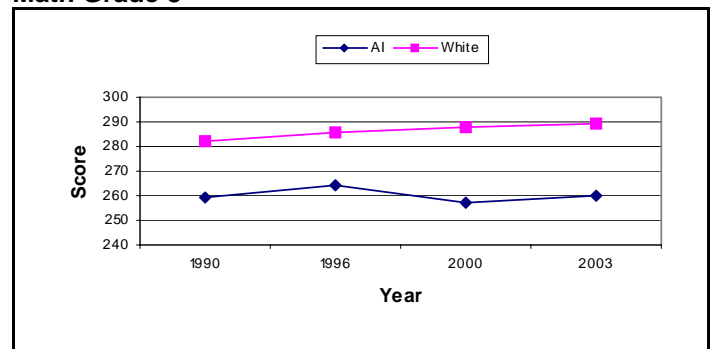
### Reading Grade 8



### Math Grade 4



### Math Grade 8



The drop-out rate for American Indians in Montana is three times higher than that of white students. American Indian students make-up about 10 percent of the school age population, but account for 26 percent of all expulsions or suspensions. Like blacks or Hispanics in our major urban areas, American Indian students in Montana are failing to enjoy the benefits of educational success in the same way as middle-class white students.

Such results can look dismal, offering little hope and encouraging policymakers to avoid involving themselves in the seemingly intractable morass, rife with the danger of speaking about sensitive issues of race and class in ways that might offend. But there are real answers--one a magic bullet, granted--for addressing the needs of poor, minority kids. Education researchers have descended upon

successful programs across the country, dissecting and parsing what works in order to provide options to the sympathetic public official or policymaking body. Answers include early childhood education, changes in housing policy (notably the Gautreaux project in Chicago and Portland, OR), appropriate professional development, culturally relevant curricula, tutoring, and mentoring programs.

Work I've done with Susan Ockert, an economist in the Census and Economic Information Center of the Montana Department of Commerce, has unearthed several successful programs in Montana that demonstrate high levels of achievement for both American Indian and White students, without a statistically significant achievement gap.

Without fail, such schools have committed to a culturally relevant pedagogy, a "no-excuses" approach that demands tutorial time for struggling students, and a view that all students can learn.

Despite its essential flaw--it was meant only for a certain type of person at the time, the educational promise imagined by Jefferson and Adams was magnificent and indispensable to our national development. Debates around improving public education ought to center on recommitting to the core propositions propounded by our nation's visionaries so very long ago so that everyone can share in that promise.

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# INTERIM CALENDAR

UNLESS OTHERWISE SPECIFIED, ALL ROOM DESIGNATIONS ARE IN THE CAPITOL

| Sunday       | Monday | Tuesday | Wednesday   | Thursday   | Friday  | Saturday |
|--------------|--------|---------|---|--|---|----------|
| October 2005 |        |         |   |  |   | 1        |
| 2            | 3      | 4       | 5<br>Resource Indemnity<br>Trust Subcommittee,<br>Room 102, 3 p.m | 6Local Government<br>Subcom. Room 137<br>Postsecondary<br>Education Policy<br>and Budget<br>Subcom. Room 102<br>State Admin.and<br>Veterans' Affairs<br>Committee<br>Leg. Finance Com.<br>Rm 102, 1 p.m. | 7<br>Legislative Finance<br>Committee, Room<br>102, 8:30 a.m.                             | 8        |
| 9            | 10     | 11      | 12<br>SJR 35 work group   | 13   | 14  | 15       |
| 16           | 17     | 18      | 19  | 20<br>Children, Families,<br>Health, and Human<br>Services Committee,<br>Room 137, 8:30<br>a.m.  | 21<br>Children, Families,<br>Health, and Human<br>Services Committee,<br>Room 137, 8 a.m. | 22       |
| 23           | 24     | 25      | 26  | 27   | 28<br>Economic Affairs<br>Committee   | 29       |
| 30           | 31     |         |   |  |   |          |

| Sunday        | Monday | Tuesday | Wednesday | Thursday | Friday   | Saturday |
|---------------|--------|---------|-----------|----------|--|----------|
| November 2005 |        |         |           |          |  |          |
|               |        | 1       | 2         | 3        | 4<br>Legislative Audit<br>Committee, Room<br>137 | 5        |
| 6             | 7      | 8       | 9         | 10       | 11   | 12       |
| 13            | 14     | 15      | 16        | 17       | 18   | 19       |
| 20            | 21     | 22      | 23        | 24       | 25   | 26       |
| 27            | 28     | 29      | 30        |          |  |          |







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